



State of Rhode Island and Providence Plantations

State House
Providence, Rhode Island 02903-1196
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Donald L. Carcieri
Governor

25 September 2009

The Honorable Jack Reed
Senator
United States Senate
728 Hart Building
Washington, DC 20510

Dear Senator Reed:

I appreciate your work and that of your colleagues in the Congress to craft legislation to reform the health care system in America. As you know, Rhode Island took on reform last year, albeit on a smaller scale, as we developed and pursued approval of our groundbreaking Global Consumer Choice Waiver.

One of the primary reasons the State pursued the Global Waiver is that federal Medicaid rules often limit the ability of the states to adapt to fiscal realities and the complex and changing needs of beneficiaries. It is difficult to deliver vital services to the beneficiaries and be fair to all taxpayers when the federal government denies us the flexibility to effectively structure and manage a program representing such a significant financial investment.

I am extremely concerned that several of the health reform initiatives recently introduced in Congress will prevent Rhode Island from fulfilling the Global Waiver's promise. Such initiatives will further strain the state's budget at a time of great fiscal uncertainty and impose even more debt on our children, grandchildren and great grandchildren.

Therefore, I ask for your support and that of all members of the Rhode Island Congressional Delegation, to preserve the innovative health care initiatives now under way in Rhode Island and in many other states. I ask that you reject any reform proposals that impose additional financial burdens on the states and the people and communities we serve or that otherwise limit our capacity to meet our constituents' needs.

As originally proposed, the Senate Finance bill required a significant portion of the costs for covering the uninsured through Medicaid to be paid by lower and middle income taxpayers and the states. I am aware that changes in the proposed legislation provide, at least temporarily, additional funding for the required Medicaid expansions to "high need" states like Rhode Island. However, full federal funding will only be available for a limited period and would cease at the very time population projections estimate we will begin to see a

The Honorable Jack Reed
25 September 2009
Page Two

surge in Medicaid eligibility for elders. It is unclear how the state or federal government will be able to sustain these Medicaid expansions in light of these projections and at a time of decreasing revenues and sky-rocketing deficits. The House legislation imposes burdens on state budgets and working Americans that are unacceptable.

Likewise, there still remain Medicaid eligibility and coverage mandates that will limit the flexibility of the states to operate financially sound, sustainable programs. Moreover, ongoing health reform efforts, such as those now under way in Rhode Island, may be hampered as limited administrative resources are diverted to finance the mandated expansions. Federal oversight of the Medicaid program should be streamlined, and allow for far greater innovation at the state level.

As a Governor, I am particularly concerned about the prospect of additional "short-term funded" federal Medicaid mandates. The Medicaid program itself is expensive, provider-centered, inefficient, slow to innovate and, as such, ultimately unsustainable. For these reasons, the Medicaid program is hardly the best and by no means the most appropriate platform for expanding health coverage to tens-of-thousands of additional Rhode Islanders and millions of other Americans.

I hope you will ensure that any legislation enacted by Congress does not include additional mandates on states, or at the very least compensates states fully for those it does impose, including the administrative costs associated with expansion. Additionally, providing states with the flexibility they need to implement the relevant provisions of reform should be a top priority today and in the future.

There are better ways to reform America's health care system, and I hope that President Obama and Congress will work with Governors, providers, consumers and others to bring about sensible reforms that increase quality, contain costs and ensure portability of health care.

Sincerely,

A handwritten signature in dark ink, appearing to read "Donald L. Carcieri". The signature is fluid and cursive, with the first name "Donald" being more prominent.

Donald L. Carcieri
Governor